

OTEMWC Board of Directors Meeting Minutes January 16, 2023

The meeting was held at the home of George Silva. George called the meeting to order at 4:40 PM. Board members participating: Hank Cook, Nancy Eckhous, Dennis Jorgensen, Mike Rhodes and George Silva. David Mexico, our Watermaster, also participated.

Meeting Minutes

Minutes for the board meetings of November 4, 2022 were approved after a few corrections.

Treasurers Report

Nancy provided a statement of income and expenditures for year-end December 31, 2022

Bank Checking	108,968.18	Operating Fund	\$20,000.00
First Bank CD	<u>241,604.22</u>	Reserve Fund	<u>\$330,572.40</u>
Total:	\$350,572.40	Total:	\$350,572.40

Nancy reported that Total Income over expense is \$22,497 favorable against budget. Half the benefit delivered by lower electricity expense and the other from lower repairs and maintenance. Our reserve balance is significantly favorable, \$120,425 in excess of budget. Water usage is -7% against budget. Nancy alerted us that this will impact revenues going forward. A/R Aging summary shows only one shareholder, Lot 54, significantly in arrears. We also reviewed the 2023 operation budget. Independent of any action we take related to solar power, we need to increase the base rate for water from \$178 to \$200 effective January 1, 2023. This increase, with our annual 0.0025 increase to each Tier was approved unanimously as part of our 2023 Operating Budget.

Old Business

(Solar Power) Actions taken by each director recently to advance our solar power project:

- Shareholder lease agreement: Nancy reviewed a rough draft of terms proposed by shareholders offering to lease a portion of their land for the solar array. Details listed were judged generally reasonable. Terms require a final specification, director's review and legal formulation. Nancy will lead this effort. In particular, Dennis and Hank will arrange an attorney to represent OTEMWC.
- Solar Vendor: The Solarponics contract was reviewed which included several cancellation terms: if lease for array is not secured, if financing is unavailable, if NEM2 unavailable. Nancy advance a motion to approve the contract, Dennis seconded and the board approve unanimously. George and Dave will contact Solarponics to finalize layout details.
- Capital Lease and Financing: Nancy summarized terms of a loan offered by Montecito Bank and Trust. Terms were viewed favorably. The board will act on this as needed.
- Notifications: Mike presented draft of notifications to be sent to all shareholders and the OTEHOA regarding the project. Edits were suggested. Shareholders adjacent to the solar array and others having visibility of the array will be notified first.

(Update to By-Laws) Dennis summarized a proposal by CalMutual to update our By-Laws to make them compliant with State regulations and operational practices adopted by other mutual water companies. Dennis moved to approve the contract, seconded by George and unanimously approved.

Watermaster Report

Dave reported that all bacteria tests have passed. Several maintenance activities: (11/16) mainline 6" leak above Well 7, replaced a section, (11/17) backfilled 6" repair, (1/1) all well meters recorded, (1/3) Well 6 & 7 nitrate tests conducted and passed, (1/7) Well 6 experienced PG&E power interruption, ran Well 7 manually temporarily, (1/8) Well 6 power fixed. The new generator will be in-place by month-end.

Adjournment

There being no further business to come before the board, the meeting adjourned at 5:35PM.

Respectfully submitted,
Mike Rhodes, Secretary